

C-RAD AB - Interim report January – September 2016

Press release November 14, 2016



Third quarter 2016

- All time high in quarterly net sales 22.5 (15.4) MSEK, an increase of 46% compared to the previous year.
- Order intake amounted to 28.2 (23) MSEK, an increase of 23% compared to the previous year.
- Operating loss amounted to -7.9 (-7.0) MSEK.
- Result per share -0.29 (-0.33) SEK.
- Bill Dowd appointed president of US subsidiary C-RAD Inc.
- Lars Nyberg was elected as new Member of the Board and as Chairman of C-RAD.
- First order from Belgium for C-RAD systems, order value 6.1 MSEK.

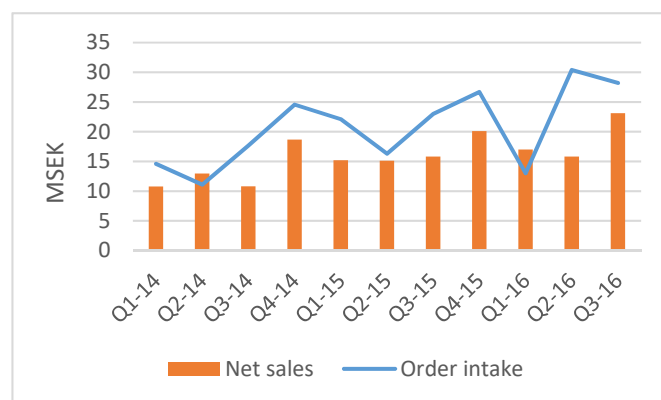
January-September 2016

- Net sales amounted to 55.4 (45.7) MSEK, an increase of 21% compared to the previous year.
- Order intake 71.6 (61.5) MSEK, an increase of 16% compared to the previous year.
- Order intake rolling 12 months amounted to 98.3 (86.1) MSEK (+14%).
- Net sales rolling 12 months amounted to 75.5 (64.3) MSEK, an increase of 17% compared to the previous year.
- Operating loss amounted to -25.9 (-14.3) MSEK.
- Result per share amounted to -1.08 (-0.71) SEK.

Key events after the reporting period

- C-RAD has been informed that Lars Nyberg bought one million B shares.
- C-RAD completes private placement from SVEA Ekonomi of MSEK 15.1 and gains a new large shareholder.
- The board has called for an extraordinary general meeting on Nov 17, 2016 to approve private placement of MSEK 6.5.
- The Stockholm Patent and Market court confirms C-RAD's right to the invention named "Patient Monitoring Radiation Machines".
- Large order from US customers of 8.2 MSEK.
- C-RAD received the first orders from General Electric.

Order intake and net sales



Summary financial result

(Amounts in KSEK)	Q3			Jan-Sep			Rolling 12 months	Full Year	Change
	2016	2015	Change	2016	2015	Change	Oct 15-Sep 16	2015	
Order intake	28 192	22 958	5 234	71 629	61 544	10 085	98 306	88 100	10 206
Net sales	22 471	15 358	7 112	57 679	54 005	3 674	75 476	66 161	9 315
Gross profit margin	55%	43%	12%	56%	53%	3%	53%	53%	0%
Operating loss	- 7 903	- 6 966	- 936	-25 911	-14 290	-11 621	- 32 033	-20 412	-11 621
Net results after tax	- 7 978	- 7 321	- 657	-26 616	-15 036	-11 580	- 32 764	-21 184	-11 580
Cash	5 730	4 634	1 096	5 730	4 634	1 096	5 730	4 426	1 303
Share price *	10.9	15.6	-	10.9	15.6	-	10.9	15.1	-
Order backlog	68 159	52 893	15 266	68 159	52 893	15 266	63 520	60 233	3 287



Record order intake for U.S. subsidiary

Supported by the all-time high order intake during the second quarter we are presenting a new all-time high in revenue during the third quarter: sales increased with 46% to 22.5 (15.4) MSEK. The order intake is amounting to 28.2 MSEK which is an increase of 23% or 5.3 MSEK compared to the same period in 2015.

Success through all our three sales channels: the strongest development measured in order intake showed the U.S. market through our direct sales organization. Here we see an increase of 380% to 15.0 (3.9) MSEK. Notable orders came from two university sites that decided to equip several sites with the C-RAD solution for gated treatments but also for so called radiosurgery (SRS-treatments). Another success was the first project for C-RAD in Belgium, that resulted in an order for several Catalyst, Catalyst HD and Sentinel 4DCT systems, through our local distributor. C-RAD is working on further developing the sales channel through our industrial partner. We have received the first two orders through General Electric. The increasing order intake is indicating the confidence customers have in C-RAD and confirm that our expansion of the sales force is successful.

The gross profit margin for the first three quarters has increased from 53% in the previous year to 56% in 2016. C-RAD is continually working on the optimization of the supply chain and these measures are providing the foundation for long-term profitable growth. The Q3 results give first evidence of the positive impact.

In the law suit between Beamocular and C-RAD, the responsible Patent- and Market Court in Stockholm rendered a judgement and confirmed, that the rights of the disputed patent belong to C-RAD. The appeal period will end on November 17.

I am happy to welcome Svea Ekonomi AB as a solid and valued investor as a C-RAD shareholder. Svea Ekonomi is an independent financial group with operations in many European countries. This step is strengthening our investor base with long term oriented, institutional investors. Pending on the shareholders' approval, Lars Nyberg will purchase another 600.000 shares. Both actions improves the cash position in the company with approximately 21 MSEK and prove that the C-RAD business is attractive to investors.

Now we are in the middle of the fourth quarter. For us it means "all hands on deck" and focus on the result before New Year's Eve, founding a solid base for continued growth in 2017.

Significant events during Q3 2016

Bill Dowd appointed president of US subsidiary C-RAD Inc.

C-RAD has appointed a dedicated manager for its North American operations. Bill Dowd will commence in the role of President of C-RAD Inc. on July 11, 2016. His' business background has long focused on sales of high-end medical equipment. Over the past ten years, he has been working in the field of radiation therapy for the US subsidiary of Nucletron, later acquired by Elekta, as Vice President of Sales and Marketing. This followed an assignment at Eckert & Ziegler Bebig, Inc. where he was the CEO in charge of the entire US business including sales, service and production. He holds a Master of Business Administration as well as an MSc in Biology.

Lars Nyberg was elected as new Member of the Board and as Chairman of C-RAD

C-RAD's AGM elected Lars Nyberg as new Member of the Board and Chairman of the Board for C-RAD. During 2007-2013, he was President and CEO of TeliaSonera AB. In 1995-2003, Chairman of the Board and CEO of US-based IT company NCR Corp (NYSE:NCR). He continued as Chairman of the Board until 2005. Lars has held several managerial positions in Philips and he was a member of the Philips Group Management Committee.

Order from Belgium for C-RAD systems

C-RAD has secured an order for a Catalyst HD™, a Catalyst™ system and a Sentinel 4DCT™ system for two radiation therapy centers in Belgium. The order has a total value of 6.1 MSEK and delivery started in September, 2016.

Significant events during January – June, 2016

C-RAD receives Chinese FDA approval for Catalyst System

In March 2016, the China Food and Drug Administration approved C-RAD's Catalyst™ system for sales on the Chinese market. This was later, in Q2, followed by the first order from China.

Preferential rights issue

At the AGM on April 14th, it was decided upon a rights issue that provided C-RAD AB MSEK 45.4 before issue costs.

Significant events after the reporting period

C-RAD has been informed that Lars Nyberg bought one million B shares

The Chairman of the Board, Lars Nyberg, bought one million C-RAD B shares from the three biggest shareholders, Per Hamberg, Olle Stenfors and Lars Kling on October 7, 2016. After the transaction he owns 1.250.000 B shares in the company. This transaction is in addition to his interest to buy another 600.000 B shares in connection with the Board's decision regarding a private placement of 2 million shares. That requires an approval of the shareholder meeting on November 17, as communicated earlier.

C-RAD completes private placement and gains a new large shareholder

The Board decided on a direct share issue to SVEA Ekonomi of 15.1 MSEK. The decision was taken with the authorization from the Annual General Meeting 2016.

C-RAD's right to the invention named "Patient Monitoring Radiation Machines" confirmed

In its verdict on Oct 27th, The Stockholm Patent and Market court confirmed C-RAD's right to the invention named "Patient Monitoring Radiation Machines". Beamocular has the possibility to take the case to the Court of Appeal until Nov 17th, 2016.

Large order for cutting-edge C-RAD solution from U.S. Customers

C-RAD has been awarded with orders for Catalyst HD™ and Sentinel 4DCT™ systems including multi-year service contracts for two radiation therapy centers. The value of the orders has a total of approximately 8,2 MSEK. Delivery and installation has been started.

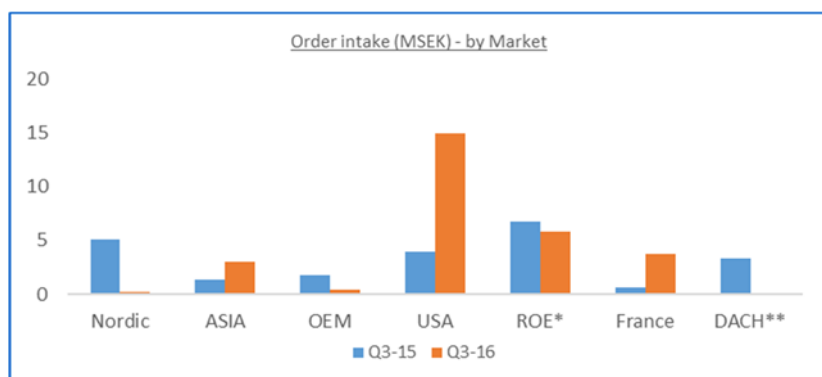
C-RAD receives the first orders from General Electric

C-RAD and GE Healthcare have entered a sales and distribution agreement for Sentinel 4DCT™ systems and Cyrpa High Impact Technology (HIT) laser systems end of last year. C-RAD has received the first order for two Sentinel 4DCT systems from General Electric. The systems are ordered for customers in Europe. The total order value is approximately 1 MSEK and delivery is expected to happen during the fourth quarter of 2016.

Financial development, Group

Order intake

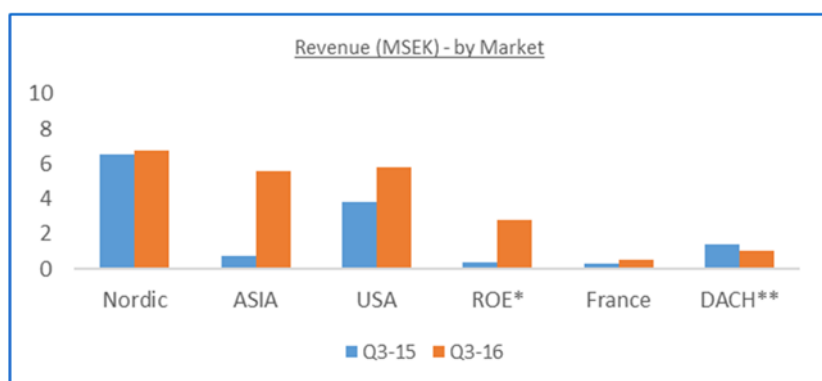
Order intake during the third quarter amounted to 28.2 MSEK compared to 23 MSEK in the previous year. Order intake growth was primarily driven by the North American region and ROE, followed by France. The total amount of order intake during the first nine months 2016 amounted to 71.6 MSEK, compared to 61.5 MSEK in 2015, out of which for service contracts 9.0 (6.8) MSEK.



*Rest of Europe, **Germany, Austria, Switzerland

Revenues

Revenues increased by 46% in the third quarter, from 15.4 MSEK 2015 to 22.5 MSEK 2016. The Nordic region is the strongest revenue driver in this period, followed by Asia and US region. Revenues for 2016 amounted to 55.4 MSEK compared to 45.7 MSEK 2015.



*Rest of Europe, **Germany, Austria, Switzerland

Revenues (MSEK)		
	Q3 16	Q3 15
Catalyst/Sentinel	19.6	10.7
Cyrpa lasers	2.5	2.6
Distribution	0.4	2.1
	22.5	15.4

Gross profit

Gross profit was 55% during the third quarter 2016, substantially higher than 43% in the corresponding period in 2015. Fluctuations in gross profit can be expected in shorter periods as it is dependent on the product mix and market.

Operational expenses

Operational expenses for the third quarter 2016 amounted to 9.0 MSEK compared to 6.6 MSEK in the same period 2015. The increase is mainly related to the expansion of sales and service business.

Personnel expenses

Personnel expenses for the third quarter 2016 amounted to 10.3 MSEK compared to 8.3 MSEK in 2015. The increase is mainly related to the expansion of operations, which entails sales resources being enhanced. All planned investments in the sales organization are now completed. The average number of employees increased from 36 during the first nine months 2015 to 43 in the corresponding period in 2016.

Net results before tax

Net results before tax during the quarter amounted to -8.0 MSEK compared to -7.3 MSEK in 2015. As part of our growth and expansion strategy, we are strengthening our sales resources in terms of direct sales in the key markets of the US, France and China. This has a direct impact on our income statement, as we incur costs, primarily for personnel and travel expenses, until revenue is generated.

Capitalized development costs

Capitalized development costs amounted to 20.4 (20.7) MSEK at the end of September 2016. Capitalizations during the first nine months 2016 are related to the Gemini project.

During continuous performance tests in the last 6 months, GEMini showed on most parameter a good long term behavior.. Our team together with the physics group from CERN is working on further optimization of the product. We continue to be confident of the success of the project.

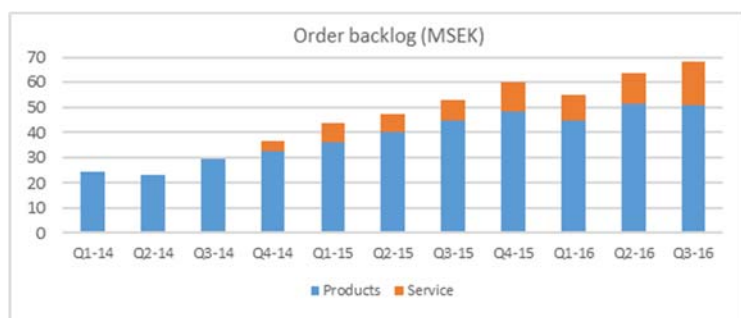
Capitalized development expenditure			
Project	Capitalized during period	Carrying amount	Comment
Catalyst/Sentinel	0	2 518 200	Products launched, further development, interfaces etc.
Gemini	333 777	10 168 717	Ongoing development
HIT-lasers	0	7 687 933	From CYRPA aquisition
Total	333 777	20 374 850	

Seasonality

There is a seasonal pattern in C-RAD's operations. The second half of the year and the fourth quarter in particular are usually the strongest periods, both in terms of order intake and revenues. This is due to the fact that a large number of customers are hospitals and clinics, which have annual budgets per calendar year.

Order backlog

The order backlog represents orders that have been received but not delivered and invoiced. The backlog amounted to 68.2 MSEK at the end of the third quarter 2016 compared to 52.9 MSEK at the end of the third quarter 2015, an increase of 29%. From the total order backlog, 50.8 (43.6) MSEK involves products and 17.3 (8.4) MSEK service contracts. In the graph below the development of the order backlog is presented. Service contracts are presented separately from Q4 2014 onwards.



Order conversion rate

The weighted average for outstanding orders concerning the products is around six months in 2016. This is the time from receiving an order until the order is delivered and revenue recognized. Service contracts are recognized as revenue over the contract period. The service contract can be up to eight years while the average duration is around five years. This has an impact on the conversion rate of the backlog when it comes to the particular service concerned.

Personnel

At the end of September 2016, the number of employees in the Group amounted to 46 (39).

Exchange rate

The financial statements are presented in SEK, the functional currency of C-RAD. Sales and orders are largely generated in foreign currency, mainly EUR and USD and, in addition, foreign subsidiaries and associates are included in the consolidation. The average EUR rate during first nine months 2016 was 9.4 (9.4), while the average USD rate in the period was 8.4 (8.4), thus, currency had limited impact on operations between the periods.

Deferred tax asset

The deferred tax asset is reviewed every quarter. The deferred tax asset is based on the fundamental assumption that operations will generate taxable income in the future. Although C-RAD has reported taxable losses in previous reports, we can see a strong and rapidly growing order intake. We forecast that a taxable profit will be generated in coming years and thus that the deferred tax asset of 7.1 MSEK shall remain unchanged. The remaining unused taxable losses amount to 143 MSEK and there are currently no time constraints regarding utilization of the losses against future taxable profits.

Bank overdraft

On the closing day, bank overdrafts had been exercised by 5.5 MSEK. During 2016 the bank overdraft facility increased from 5 MSEK to 10 MSEK. The credit period expires on December 31, 2016 and may be extended by 12 months. The creditor allows the extension of the credit period, unless otherwise notified. The increase is linked to a contract in which C-RAD has to achieve certain levels of revenue and a certain result, according to the company's budget for the year 2016. The board has the intention to ensure additional external financing with the purpose to secure the necessary funds for continued growth.

Cash flow

During the third quarter of 2016, cash-flow was negative in the amount of 9.8 MSEK. Negative cash flow from operations amounted to 6.1 MSEK, while an increase in working capital had a negative impact of 7.8 MSEK on cash flow. The increase in working capital is primarily related to an increase in accounts receivable and a decrease in accounts payable. Capitalized development costs are now included in investment activities, but not as adjustment for non-cash items.

Financing

At the Annual General Meeting in April 2016, a fully guaranteed rights issue of 45.4 MSEK before issue costs, which amounted to around 5 MSEK, was approved by the AGM. C-RAD intends to use the proceeds from the rights issue to cover working capital until the Company has achieved a long-term positive cash flow, which is expected to occur in 2017, repay loans of 15 MSEK and to finance increased sales and marketing activities in the Company's main markets.

C-RAD holds a bank overdraft with Nordea of 10 MSEK. The overdraft runs until December 31, 2016 but it can be extended by 12 months, provided that the conditions are fulfilled. The credit is secured by the Company through a chattel mortgage of 12,150,000 SEK in C-RAD Positioning AB. The terms are contained in the paragraph "Bank overdrafts" above.

After the closing date, the board decided to use the authorization from the AGM to decide on a private placement. This new share issue ensures a continued stable liquidity despite an increase of the working capital as the company is in an expansion phase. 1 400 000 shares were emitted to a new investor, SVEA Ekonomi AB. The share price was 10.77 SEK per share, based on the average share price for the B-share according to the official statistics from Nasdaq during the period of 20 trading days ending on October 4th, without discount. It was also decided to emit additionally 600 000 shares to Lars Nyberg at the same terms. An extra general meeting will be held on November 17 to confirm that decision. Lars Nybergs current holdings in the company amounts to 1 250 000 shares, corresponding to 4,3%.

Convertible loans

The maturity date of the convertible loans has been extended for two years from February 28, 2016 until February 28, 2018. Interest terms are revised to Stibor 90 + 2.8% from Stibor 90 + 1%.

Significant risks and uncertainties

Reference is made to the Annual Report for 2015 regarding significant risks and uncertainties, and how these are managed. The capitalized development costs for the Gemini project amounts to 10.2 MSEK. Until the project is launched and starts to generate revenues, a certain degree of uncertainty prevails. If the project does not develop in line with expectations, the Company will be forced to write down all or part of the capitalized development costs. Valuations of intangible assets and deferred tax asset are based on future sales and order backlog under the assumption that sufficient funding will be available for future expectations to be fulfilled.

C-RAD Positioning AB was sued by Beamocular AB on November 28, 2014 at the District Court of Stockholm regarding better title to patent. In the verdict dated October 27, 2016, the Stockholm Patent and Market court confirmed C-RAD's right to the invention named "Patient Monitoring Radiation Machines". Beamocular has the possibility to take the case to the Court of Appeal. C-RAD has had legal and associated costs of 894 KSEK related to the law suit, whereas approximately 500 KSEK has been booked in previous quarters. As the court saw the claims from Beamocular unfounded, C-RAD shall be reimbursed by Beamocular in full. No adjustments of the result will be made until the appeal period has passed, the amount is recognized as a contingent asset.

C-RAD's future earnings are highly dependent on the market, as well as the company's development. Because the Company is not cash flow positive in the current situation, it may need to raise additional capital if sales doesn't develop according to plan.

Parent Company

No operations are carried in the Parent Company except for Group Management and administration.

Segment reporting

Group Management has analyzed the Group's internal reporting and established that the Group's operations are managed and evaluated based on the following segments:

- **Positioning:** Development and sales activities for products in the field of patient positioning during radiotherapy, including Catalyst, Sentinel and HIT lasers.

- **Imaging:** Development of imaging devices and detectors for cancer treatments and dosimetry.

Assets and liabilities are not analyzed on the segment level by executive managers. Such analysis is therefore excluded from this segment reporting.

Activities between segments: some of the personnel employed within Imaging have conducted work for the Positioning segment. Internal sales cover the direct costs of these cross-segment services.

<i>Amount in KSEK</i>	Segment revenues		Segment operating results	
	Jan-Sep 2016	Jan-Sep 2015	Jan-Sep 2016	Jan-Sep 2015
Positioning external sales	54 819	45 135	-25 301	-13 311
Imaging external sales	539	577	-610	-980
Total	55 358	45 712	-25 911	-14 291
Shares in results of associated companies			0	43
Financial income and costs			-705	-788
Profit/loss before tax			-26 616	-15 036

Segment reporting is based on the same accounting principles as applied in the consolidated financial statement for 2015. No impairment has been applied. Sales by geographical market are based on sales to customers in each country. Two customers each represent over 10 percent of sales from January to September 2016.

<i>Amount in KSEK</i>	Revenue by geographical market	
	Jan-Sep 2016	Jan-Sep 2015
Nordic	9 666	13 383
DACH (Deutschland, Austria, Switzerland)	8 390	12 009
RoE (Rest of Europe)	10 463	7 225
USA	18 827	10 092
Asia	8 012	3 004
Total	55 358	45 712

Upcoming reports

February 13, 2017	Q4, 2016 report
April 28, 2017	Q1, 2017 report
August 16, 2017	Q2, 2017 report
October 25, 2017	Q3, 2017 report
January 31, 2018	Q4, 2017 report

Condensed consolidated statement of comprehensive income

(Amounts in SEK)	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	Rolling 12m Oct 15-Sep 16
Operating income					
Net sales	22 470 844	15 358 361	55 358 476	45 712 174	75 475 967
Work performed by the company for its own use and capitalized	333 777	614 852	1 872 547	2 935 796	3 202 516
Other operating income	219 188	2 446 722	447 507	5 356 600	1 855 224
Total operating income	23 023 809	18 419 935	57 678 530	54 004 570	80 533 706
Operating expenses					
Raw material and consumables	-10 130 114	-8 800 868	-24 581 038	-21 588 472	-35 790 888
Other external costs	-9 012 450	-6 634 630	-24 990 444	-18 819 576	-32 083 101
Personnel costs	-10 325 255	-8 298 504	-29 445 155	-22 401 035	-38 142 253
Depreciations	-1 458 610	-1 652 399	-4 572 792	-3 589 052	-6 550 461
Other operating expenses	0	0	0	-1 896 649	0
Total operating expenses	-30 926 429	-25 386 401	-83 589 430	-68 294 784	-112 566 703
Operating profits/loss	-7 902 620	-6 966 466	-25 910 900	-14 290 214	-32 032 997
Result from participation in associated companies	0	0	0	43 289	0
Financial income	417	118	7 260	7 059	23 285
Financial costs	-75 769	-354 992	-712 300	-795 698	-754 514
Profit (loss) before tax	-7 977 973	-7 321 341	-26 615 939	-15 035 563	-32 764 227
Income tax	0	0	0	0	-15 166 304
Net results for the period	-7 977 973	-7 321 341	-26 615 939	-15 035 563	-47 930 531
Translation difference from foreign operations	-98 158	23 383	-98 158	44 707	-100 954
Comprehensive results for the period (1)	-8 076 131	-7 297 958	-26 714 097	-14 990 856	-48 031 485
Results per share before dilution	-0.29	-0.33	-1.08	-0.71	-1.36
Results per share after dilution	-0.27	-0.31	-1.01	-0.67	-1.28

(1) 100% attributable to shareholders in the Parent Company

Condensed consolidated statement of financial position

(Amounts in SEK)			
Assets	30-09-2016	30-09-2015	31-12-2015
Assets			
Intangible assets			
Capitalized development expenditure	20 374 849	20 673 875	20 839 216
Distribution rights	5 438 043	6 285 462	6 073 626
Patents, licenses and similar rights	804 597	948 330	925 907
	<u>26 617 489</u>	<u>27 907 668</u>	<u>27 838 749</u>
Tangible assets			
Equipment	4 727 002	4 875 484	4 582 811
Financial assets			
Long-term receivables	155 266	154 144	152 732
Total financial assets	<u>155 266</u>	<u>154 144</u>	<u>152 732</u>
Other non-current assets			
Deferred tax asset	7 094 209	7 094 209	7 094 209
Total non-current assets	<u>38 593 966</u>	<u>40 031 505</u>	<u>39 668 500</u>
Current assets			
Inventory	8 271 260	10 652 726	10 342 084
Trade receivables	31 842 212	11 365 845	12 910 054
Other receivables	1 840 750	1 732 143	2 358 817
Prepayments and accrued income	5 623 136	595 635	3 919 500
Cash and bank	5 729 505	4 633 801	4 426 075
Total current assets	<u>53 306 863</u>	<u>28 980 151</u>	<u>33 956 531</u>
Total assets	<u>91 900 829</u>	<u>69 011 656</u>	<u>73 625 032</u>
Contingent asset	893 880		

Equity and liabilities	30-09-2016	30-09-2015	31-12-2015
Equity			
Share capital	4 129 749	3 303 799	3 303 799
Additional paid in capital	234 106 710	115 230 156	193 978 600
Retained earnings	-157 561 465	-57 315 980	-136 050 911
Profit (loss) for the year	-26 714 097	-15 035 563	-21 183 842
Total equity	<u>53 960 897</u>	<u>46 182 412</u>	<u>40 047 645</u>
Long term liabilities			
Convertible bonds	11 829 115	11 788 707	11 829 115
Other long-term liabilities	746 293	1 345 514	992 905
	<u>12 575 408</u>	<u>13 134 221</u>	<u>12 822 020</u>
Current liabilities			
Accounts payable	11 137 946	4 747 252	9 013 795
Warranty provisions	1 134 000	900 000	1 064 000
Other current liabilities	7 868 424	895 325	6 730 407
Accrued expenses and deferred income	5 224 150	3 152 447	3 947 167
Total current liabilities	<u>25 364 521</u>	<u>9 695 024</u>	<u>20 755 368</u>
Total liabilities	37 939 929	22 829 245	33 577 388
Total equity and liabilities	<u>91 900 829</u>	<u>69 011 656</u>	<u>73 625 032</u>
Pledges	13 620 000	13 620 000	13 620 000
Contingent liability	-	-	-

Condensed consolidated statement of cash flow

(Amounts in SEK)					
Statement of cash flow	2016	2015	2016	2015	2015/2016
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep
Operating activities					
Profit (loss) before financial items	(7 902 620)	(6 966 466)	(25 910 900)	(14 290 214)	(32 032 994)
Adjustment for non-cash items, etc	1 903 565	87 187	4 942 792	(224 695)	5 754 490
Interests received	417	118	7 260	7 059	23 285
Interests paid	(75 769)	(354 992)	(712 300)	(795 698)	(754 514)
Cash flow from operating activities before working capital changes	(6 074 407)	(7 234 154)	(21 673 148)	(15 303 547)	(27 009 733)
Working Capital Changes	(7 861 605)	2 132 590	(14 630 654)	(4 125 436)	(12 880 251)
Cash flow from operating activities	(13 936 012)	(5 101 564)	(36 303 802)	(19 428 984)	(39 889 984)
Cash flow from investing activities	(380 348)	(1 248 554)	(2 690 479)	(4 594 465)	(4 093 736)
Cash flow from financing activities	4 459 846	0	40 124 885	20 938 588	45 027 203
Net increase (decrease) in cash and cash equivalents	(9 856 514)	(6 350 119)	1 130 604	(3 084 861)	1 043 485
Cash and cash equivalents at beginning of period	15 487 010	10 969 069	4 426 075	7 623 093	4 633 801
Exchange rate differences	99 011	14 853	172 826	95 571	52 221
Cash and cash equivalents at end of period	<u>5 729 505</u>	<u>4 633 801</u>	<u>5 729 505</u>	<u>4 633 801</u>	<u>5 729 505</u>

Condensed consolidated statement of changes in equity

(Amounts in SEK)			
Statement of changes in equity	2016	2015	2015
	Jan-Sep	Jan-Sep	Jan-Dec
At beginning of period	40 047 646	38 484 049	38 484 049
Share increase and option program	45 561 023	25 182 500	25 182 500
Issue expenses	(5 279 111)	(16 150)	(16 150)
Equity part of convertible loan	110 673	121 224	(161 632)
Translation and other differences	136 606	(2 553 649)	(2 257 281)
Changes in the period	40 529 191	22 733 925	22 747 437
Loss for the period	(26 615 939)	(15 035 563)	(21 183 842)
Closing balance at end of period	53 960 897	46 182 412	40 047 645

Parent company Financial Statements

(Amounts in SEK)		
Income statement	2016	2015
	Jan-Sep	Jan-Sep
Total income	14 022 925	12 927 329
Personnel costs	-6 598 413	-5 465 692
Other costs	-7 059 515	-7 405 368
Total operating expenses	-13 657 928	-12 871 060
Result from financial items	-698 780	-1 282 366
Result before tax	-333 782	-1 226 098
Tax	0	0
Net results	-333 782	-1 226 098
Statement of comprehensive results		
Net results	-333 782	-1 226 098
Translation difference from foreign operations	0	23 383
Total comprehensive results	-333 782	-1 202 715
Statement of cash flow		
	2016	2015
	Jan-Sep	Jan-Sep
Operating activities		
Profit (loss) before tax	-333 782	-1 226 098
Adjustment for non-cash items	653 024	970 544
Cash flow from operating activities before working capital changes	319 242	-255 553
Working capital changes	-15 897 989	-21 762 716
Cash flow from operating activities	-15 578 747	-22 018 269
Cash flow from investment activities	-23 862 627	0
Cash flow from financing activities	40 022 926	20 444 960
Net change in cash and cash equivalents	581 552	-1 573 309
Cash and cash equivalents at beginning of period	94 835	3 012 761
Cash and cash equivalents at end of period	676 388	1 439 450

Parent company Financial Statements

Statement of Financial Position	2016	2015
	30 Sep	30 Sep
Assets		
Intangible assets	5 438 043	6 285 462
Tangible assets	44 175	66 157
Shares in Group companies	108 312 355	79 412 355
Long term receivables	0	0
Investments in associates	0	0
Receivables in Group companies	48 779 945	51 488 288
Other receivables	886 992	1 424 458
Cash and bank	676 388	1 439 450
Total assets	<u>164 137 898</u>	<u>140 116 170</u>
Equity and liabilities		
Share capital	4 129 749	3 303 799
Other equity	143 522 380	121 219 426
Total equity	<u>147 652 129</u>	<u>124 523 225</u>
Convertible bonds	11 718 442	11 718 442
Long term liabilities	746 293	1 345 514
Other liabilities	4 021 035	2 528 991
Total liabilities	<u>16 485 771</u>	<u>15 592 947</u>
Total equity and liabilities	<u>164 137 898</u>	<u>140 116 170</u>
Contingent liability	-	2 000 000
Statement of changes in equity	2016	2015
	Jan-Sep	Jan-Sep
At beginning of period	107 704 000	100 304 363
Share increase and option program	40 281 911	25 444 960
Other	0	0
Net results for the period	<u>-333 782</u>	<u>-1 226 098</u>
Closing balance at end of period	<u>147 652 129</u>	<u>124 523 225</u>

Notes

Accounting principles

This interim report is prepared, for the Group, in accordance with IAS 34, RFR1 "Redovisning för koncerner" and the Annual Accounts Act and, for the Parent company, the Annual Accounts Act and RFR 2.

There has been no significant changes to existing accounting policies or new applied accounting principles in 2016, thus the applied accounting principles are consistent with what is stated in note 1 in the Financial Statements for 2015.

Updated IFRS standards and interpretations from IFRIC have no impact on the Group or the Parent Company's results or financial position.

Exchange rates

Orders and income statement are translated at the period-average exchange rate while order backlog and balance sheet items are translated at the closing rate.

Related party transactions

Per Hamberg and Lars Kling, two of the largest shareholders, lent 2.5 MSEK each to the Company in January 2016, without security. The loan carried an annual interest rate of 8% with quarterly interest payments. The loans were fully repaid in June 2016. No other transactions with related parties occurred in the reporting period.

Capitalized development costs

Development expenses that fulfil the recognition criteria in IAS38 are capitalized. At least annually an impairment test is performed. The progress of current development projects is reviewed on a regular basis.

Deferred tax

Deferred tax assets are reviewed at the end of each reporting period and adjusted in line with the probable future taxable result.

Contingent asset

The contingent asset of SEK 893 880 refer to legel and associated costs in conjunction with the Beamocular lawsuit. The appeal period ends on Nov 17, 2016.

Pledges

The pledges refer to to a chattle mortgage for the Companys credit line with Nordea (security of 12.150.000 SEK) and a chattel mortgage with NUTEK (1,470,000 SEK).

Correction of comparative figures

When C-RAD acquired 29% of Cyrpa in February 2013 the purchase price was entirely allocated to investments in associated company and recognized in accordance with IAS 28. This was later adjusted and during the period up to July 2015, when C-RAD acquired the remaining Cyrpa shares, comparable figures for 2015 has been reported. As the 2015 figures reported from July 2015 onwards were correct already in the financial reports, no adjusted comparable figures will be reported from now on.

Ratios

	2016 30 Sep	2015 30 Sep	2015 31 Dec
Number of shares	27 531 653	20 025 323	22 025 323
Average number of shares	24 717 756	22 025 323	21 339 906
Average number of diluted shares	26 261 270	23 535 069	22 772 251
Number of options outstanding	1 598 746	1 509 746	1 509 746
Solvency	59%	67%	54%
Result per share before dilution	(-1.08)	(0.71)	(0.99)
Result per shares after dilution	(-1.01)	(0.67)	(0.93)
Equity per share before dilution	2.18	2.10	1.82
Equity per share after dilution	2.05	1.96	1.70
Operating margin	Neg.	Neg.	Neg.

Other information

This interim report provides a true and fair view of the Group's operations, financial position and earnings. If there are any deviations between the reports in English and Swedish, the Swedish version is valid. This interim report has been reviewed by the company auditors.

Uppsala, November 14 2016

Lars Nyberg
Chairman of the Board

Tim Thurn
CEO

Bengt Rolén
Board member

Peter Hamberg
Board member

Brian Holch Kristensen
Board member

Kicki Wallje-Lund
Board member

Börje Bengtsson
Board member

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Since December 2014, C-RAD AB has been listed on the Nasdaq Stockholm exchange Small Cap list.

The information in this interim report is such that C-RAD is required to disclose pursuant to the EU Market Abuse Regulation.

The information was submitted for publication on November 14, 2016 at 8:30 am.